

Message Text

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ACTION ARA-10

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FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC PRIORITY 6367

INFO AMEMBASSY CARACAS

C O N F I D E N T I A L PORT OF SPAIN 1043

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, PFOR, TD

SUBJECT: MEETING WITH PRIMIN WILLIAMS--ENERGY AND OTHER
ECONOMIC TOPICS

REF: PORT OF SPAIN 1040

1. DURING WIDE-RANGING DISCUSSION TODAY, PM ERIC WILLIAMS REVEALED
SEVERAL SIGNIFICANT ASPECTS OF HIS THINKING ON NEXT STEPS IN EVOLUTION

OF GOTT RELATIONSHIPS WITH OIL COMPANIES.

2. WILLIAMS HIGHLY PRAISED TRINIDAD-TESORO FOR ITS ACCOMPLISHMENTS
AND MODUS OPERANDI IN TRINIDAD. HE CLAIMED THAT TESORO HAS
BOOSTED PRODUCTION FROM ITS FIELDS MORE THAN 300 PER CENT OVER
MAXIMUM PROJECTED BY BRITISH PETROLEUM WHICH HAD HELD CONCESSION
UNTIL BOUGHT OUT BY TESORO (WITH MAJORITY GOTT PARTICIPATION).
PM ALSO CITED TEXACO AS BASICALLY GOOD CITIZEN IN TRINIDAD
ALTHOUGH HE IS STILL DISCUSSING FUTURE GOTT PARTICIPATION IN
EXISTING TEXACO INVESTMENT. PM HAD LITTLE TO SAY ABOUT AMOCO
EXCEPT THAT NEGOTIATIONS WERE CONTINUING FOR
SOME GOTT PARTICIPATION AND THAT AMOCO OFFICIALS WERE SKILLFUL
AT SIDESTEPPING ISSUE.

3. WHEN WILLIAMS TURNED TO SHELL, HOWEVER, HE WAS ALMOST WHOLLY
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NEGATIVE. HE CLAIMED THAT SHELL'S RECORD IN TRINIDAD WAS

"AWFUL." HE REVEALED THAT PLANS WERE MATURING FOR GOTT FORCED BUY-OUT OF SHELL AND THAT TRINIDAD-TESORO WAS READY IN THE WINGS TO TAKE OVER SHELL OPERATIONS. PM EMPHASIZED THAT COMPENSATION WOULD BE PAID TO SHELL, AND THAT IF GOTT OFFER NOT ACCEPTED, THEN BOTH PARTIES WOULD RESORT TO ARBITRATION. (COMMENT: THIS TAKEOVER WOULD OBVIOUSLY BE ON A JOINT VENTURE BASIS WITH GOTT SIMILAR TO PRESENT TRINIDAD-TESORO ARRANGEMENT. WHILE WE HAD RECEIVED EARLIER HINTS OF PM'S UNHAPPINESS WITH SHELL, THIS IS FIRST INDICATION WE HAVE HAD THAT SITUATION ABOUT TO COME TO CRUNCH AND THAT PM DEFINITELY ENVISAGES SHELL'S VIRTUAL OR ACTUAL OUSTER.)

4. CONCERNING ENERGY-RELATED INDUSTRIAL DEVELOPMENT, WILLIAMS STATED THAT PLANS WERE MOVING ALONG RAPIDLY FOR CONSTRUCTION OF A STEEL MILL AND THAT AN UNNAMED AMERICAN BIDDER HAD SUBMITTED THE LOWEST BID (COMMENT: UNCERTAIN WHETHER THIS REFERS TO FEASIBILITY AND DESIGN STUDY BID OR ACTUAL PLANT CONSTRUCTION). HE NOTED RATHER DISINGENUOUSLY THAT HE WAS OFTEN CRITICIZED FOR EXTENT OF AMERICAN PARTICIPATION IN TRINIDAD'S INDUSTRIALIZATION BUT THAT WHEN GOTT HAD RECENTLY GONE THROUGH UNDP CHANNELS FOR OBTAINING EXPERTS TO ASSIST IN EVALUATING PIPELINE BUT SOME OF THE RESULTING EXPERTS HAS NEVERTHELESS BEEN AMERICAN NATIONALS. WHEN ONE FOREIGN AMBASSADOR COMPLAINED, WILLIAMS SAID HE ASKED HIM IF HE WERE ATTEMPTING TO INTERFERE WITH TRINIDAD'S SOVEREIGNTY. (COMMENT: IT WOULD BE NICE TO ASSUME THIS LITTLE ANECDOTE REFERS TO FRENCH AMB HERE BUT WE CAN'T BE SURE.)

5. ON CARICOM, PM NOTED GOTT WAS UNDER PRESSURE TO HELP POORER PARTNERS. HE SAID HE BELIEVED IN HELPING, BUT NOT BY HANDOUTS, AND GOTT ASSISTANCE WOULD BE VIA SUCH CHANNELS AS PURCHASE OF BONDS ISSUED BY INTERNATIONAL FINANCIAL INSTITUTIONS TO PROVIDE GREATER LENDING RESOURCES FOR REGIONAL DEVELOPMENT.
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